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 SECURITY INFORMATION
 CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT NO. [REDACTED]

CD NO.

25X1A

COUNTRY China

DATE DISTR. 11 FEB 52

SUBJECT Caustic Soda Supply in China

NO. OF PAGES 3

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NO. OF ENCLS. 2
(LISTED BELOW)

Attachments A and B

DATE OF INFO: 1936 to February 1951

SUPPLEMENT TO REPORT NO.

25X1X

1. There has been a considerable shortage in the supply of caustic soda in Communist China. The authorities have adopted various measures to stabilize prices, which had risen abnormally due to the shortage, and have spread propaganda on the use of liquid soda as a substitute. Caustic soda is an important raw material in the paper, dyestuffs, soap, fibre manufactures, knitting, and textile dyeing and processing industries.
2. Until 1950 China imported a yearly average of 150,000 tons of caustic soda because its domestic production was insufficient to meet its requirements. In 1936, 180,000 tons were imported; in 1937, 227,000 tons; during 1938 to 1946, an average of 130,000 to 140,000 tons. Imports fell to 109,000 tons in 1947 and to 115,000 tons in 1949 when the import of caustic soda was controlled by the government. In 1950, 11,068 tons were imported. After Chinese intervention in Korea and the imposition of foreign embargoes, there was a heavy demand in Shanghai for caustic soda by the end of 1950 and prices rose.
3. Among the caustic soda factories in Communist China now in operation, the Yung Li (永利) Factory produced 400 to 500 tons a month in 1950 and the North China Chemical Industry Company (華北化學工業公司) produced 200 to 250 tons. The Yung Li Company also produced 5,400 to 5,700 tons of pure soda (純鹼) which could only be used for manufacturing liquid soda. According to the investigation of the Chemical Industry Raw Materials Company (化學工業原料公司), 26 factories in Shanghai produced a maximum of 4,404 tons of liquid soda a month. Nine of these factories produced 844 tons monthly by the electrolysis method and the remainder produced 3,560 tons by another chemical method (K'ohua - 苛鹼). Production of factories using either method is as follows:

Electrolysis methodMaximum Monthly Production in Tons

Tien Yuan (天源)	360
Tien Chung (天中)	125
Liu Ho (劉和)	60
Chung Kuang (中光)	65
Hsing Yeh (興業)	50
Hsin Hua (新華)	100
Hua Fu Hsing (華富興)	50

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Electrolysis MethodMaximum Monthly Production in Tons

Tai Hua Heng Chi (泰華衡記))	30
Hsin Hua (新華)		4

K'ohua Method

Tai Jen (泰仁)	360
Hsin Hua (新華)	360
Ta Lu (大陸)	360
Ta Tung (大同)	240
Tung Fang (東方)	210
Hua Heng (華恆)	210
T'ai Shan (泰山)	210
Chung Fu (中華)	200
Liang Li (兩利)	150
Hsing Hua (興華) (Kwang Hua 光華)	500
Hsin Hua (信華)	150
Feng Yu (豐餘)	120
Yu Sheng (裕昇)	120
Mao Fu (茂富)	100
Wen Ying (文英)	100
(大華氣氣)	90
	80

4. According to the estimates of the Acid and Soda Industries Labor Union (酸鹼工業工會), up to 1950 the monthly demand for caustic soda averaged 700 tons in Tientsin and 900 tons for all North China, including Tientsin. During 1950, Tientsin industries required only 400 tons monthly, while all North China required only 500 tons monthly. In Shanghai during October 1950, the Chemical Industry's Raw Materials Company sold 739 tons of liquid soda, while market turnover of solid soda amounted to 150 tons. Although Yung Li Factory increased production from 400 to 500 tons a month to 900 tons by February 1951, there was still a net shortage of over 400 tons for North China and Shanghai.
5. Although the maximum monthly production of liquid soda by Ta Hua, Feng Yu and Tai Jen factories was 570 tons or 1,276,800 pounds monthly, during February 1951, they worked only 20 days and sold 490,000 pounds of 56° and 48° soda. The production of liquid soda by the various factories in Shanghai totaled only 2,000 tons monthly. The demand for this product is seasonal, the spring and winter being slack months. The monthly demand, according to the Shanghai Chemical Industry's Raw Materials Guild (上海化學工業原料工業公會), was only 700,000 pounds for slack months and 1,500,000 pounds for busy months.

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7. The Chinese Communists also maintained the selling price of liquid soda at cheaper levels than similar soda in solid condition. See Attachment A (2) for a table of comparative selling prices of liquid and solid soda.
8. During October 1950 the largest customers of solid and liquid soda were in the textile dyeing and printing industry, and the second largest were in the soap and candle industry. Attachment B shows the relative sales in these industries.
9. According to computations by the textile dyeing and printing industry, it cost more to use liquid soda than solid because liquid soda diluted in the water used in the production process had to be thrown away with the water. Many industries could not use liquid soda as a substitute for solid soda. The import of solid soda from abroad was impossible although production in China fell far short.

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